

Message Text

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ACTION EUR-12

INFO OCT-01 ARA-06 IO-10 ISO-00 AID-05 CEA-01 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02

STR-04 TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 SS-15

NSC-05 PA-01 PRS-01 USIA-06 AGR-05 L-03 H-02 AF-06

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R 151300Z OCT 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 1987

INFO USMISSION EC BRUSSELS

OECD PARIS

AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

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AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MONTEVIDEO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY ASUNCION

AMEMBASSY LIMA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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AMCONSUL BELEM

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LIMITED OFFICIAL USE SECTION 1 OF 2 BRASILIA 9002

E.O. 11652: N/A

TAGS: EEC; BR

SUBJECT: VISIT OF EC VICE PRESIDENT CHRISTOPHER SOAMES TO BRAZIL

1. SUMMARY. IN FOUR DAY VISIT TO BRAZIL, CHRISTOPHER SOAMES, VICE PRESIDENT OF EC, HELD WIDE RANGING TALKS ON ECONOMIC ISSUES WITH GOB. EMBASSY'S DISCUSSIONS WITH FOREIGN MINISTRY AND BRITISH EMBASSY SINCE THE VISIT INDICATE THAT SOAMES' MAIN PURPOSE WAS TO IMPROVE EC'S IMAGE IN BRAZIL AND TO STRENGTHEN THE EC'S RELATIONS WITH BRAZILIAN LEADERS THROUGH A GENERAL EXCHANGE OF VIEWS, AS WELL AS TO PREPARE THE GROUND FOR THE FORTHCOMING MEETING OF THE EC-BRAZILIAN MIXED COMMISSION IN BRUSSELS. NO CONCRETE RESULTS, HOWEVER, APPARENTLY, EMERGED. SOAMES MADE SKILLFUL PUBLIC RELATIONS PITCH, WHICH EMPHASIZED BRAZILIAN FAILURE TO TAKE ADVANTAGE OF EXPORT OPPORTUNITIES UNDER EC'S GENERALIZED PREFERENCE SCHEME, TO COUNTER BRAZILIAN CLAIMS OF EC DISCRIMINATION AGAINST BRAZILIAN EXPORTS. END SUMMARY.

2. EC VICE PRESIDENT SIR CHRISTOPHER SOAMES MADE VISIT TO BRAZIL SEPTEMBER 27 TO OCTOBER 1 AS PART OF TRIP TO SEVERAL LATIN AMERICAN COUNTRIES. SOAMES CALLED ON PRESIDENT GEISEL AND MET WITH MINISTERS OF FOREIGN AFFAIRS, FINANCE, AGRICULTURE, AND COORDINATION AND PLANNING. THE DISCUSSIONS COVERED A GENERAL REVIEW OF THE WORLD ECONOMIC SITUATION, THE EC'S APPROACH TO NORTH-SOUTH RELATIONS (INCLUDING THE LOME CONVENTION AND THE EC'S AGREEMENTS WITH MEDITERRANEAN COUNTRIES), THE SILVEIRA PROPOSAL IN THE 7TH SPECIAL SESSION, AND EC-BRAZILIAN BILATERAL PROBLEMS. ACCORDING TO SOURCES IN FOREIGN MINISTRY AND BRITISH EMBASSY, PURPOSE OF VISIT WAS TO STRENGTHEN THE EC'S RELATIONS WITH SENIOR BRAZILIAN POLICY MAKERS, TO ENGAGE IN A GENERAL EXCHANGE OF VIEWS ON MULTILATERAL AND BILATERAL PROBLEMS, AND TO SIGNAL EC'S INCREASED INTEREST IN CLOSER TIES WITH LATIN AMERICA, INCLUDING LIMITED OFFICIAL USE

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BRAZIL, IN ADVANCE OF FORTHCOMING OCTOBER 20 MEETING OF EC-BRAZILIAN JOINT COMMISSION.

3. IN DISCUSSION WITH ECONOMIC COUNSELOR, AMBASSADOR PAULO CABRAL DE MELLO (CHIEF, ECONOMIC DEPARTMENT) AND MINISTER SERGIO ROUANET (HEAD, COMMERCIAL POLICY DIVISION) STATED THAT THEIR TWO MEETINGS WITH SOAMES HAD BEEN AGREEABLE

BUT THAT NOTHING VERY CONCRETE HAD BEEN ACCOMPLISHED.
PAULO CABRAL COMMENTED THAT THE VISIT WAS REALLY
THE EC'S IDEA, MOTIVATED BY THE BELIEF THAT THE
EC HAD IN THE PAST GIVEN INSUFFICIENT ATTENTION
TO LATIN AMERICA. ACCORDING TO PAULO CABRAL,
SOAMES HAD LITTLE SPECIFIC TO SAY ABOUT THE CON-
SUMER-PRODUCER DIALOGUE AND ITS FOLLOW-UP.
ROUANET, ON THE OTHER HAND, CLAIMED THAT SOAMES
HAD EXPRESSED GENERAL SYMPATHY FOR SILVEIRA'S
PROPOSAL AND THE IDEA OF NEGOTIATED CONCESSIONS
FOR LDC'S. REFLECTING ON THE MEETINGS WITH SOAMES,
CABRAL DE MELLO COMMENTED THAT HE DID NOT THINK
THE LOME CONVENTION WOULD HAE A VERY SIGNIFICANT
EFFECT ON BRAZIL'S EXPORTS, AND THE GOB THEREFORE
HAD SAID NOTHING AGAINST THE CONVENTION. HE
THUGHT THE EC'S AGREEMENTS WITH MEDITERRANEAN-
NEAR EASTERN COUNTRIES POSED A FAR GREATER THREAT
-- AND CITED THE AGREEMENT WITH IRAN, A MARKET
OF INTEREST TO BRAZIL, AND PROBLEMS OF BRAZIL'S
EXPORTS OF CITRUS FRUIT JUICES. HE CONCEDED
THAT ALTHOUGH THE EC WAS BRAZIL'S LARGEST EXPORT
MARKET, BRAZIL AT PRESENT WAS FILLING ITS EC
PREFERENCE QUOTAS IN ONLY FIVE OR SIX CATEGORIES;
THE GOB WOULD SHORTLY MAKE GREATER EFFORTS TO FILL MORE
OF ITS QUOTAS. AT ITS FORTHCOMING MEETING, THE
EC-BRAZILIAN JOINT COMMISSION WOULD CONSIDER,
INTER ALIA, COCOA BUTTER, SOLUBLE COFFEE, AND
BEEF. ALSO, PRELIMINARY NEGOTIATIONS ON TEXTILES
WOULD BE HELD AT THAT TIME.

4. BRITISH EMBASSY SOURCE TOLD EMBOFF THAT IN
THE MEETINGS WITH THE GOB SOAMES HAD BEEN DISCOURAGING
WITH RESPECT TO THE PROSPECTS FOR BRAZILIAN BEEF
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EXPORTS: THE EC WOULD BE UNABLE TO REPEAT THE
SPECIAL CONDITIONS OF 1973 AND IT WOULD BE WRONG
FOR BRAZIL TO LOOK TO THE EC FOR A MARKET.
SOLUBLE COFFEE AND COCOA BUTTER, ACCORDING
TO THIS SOURCE, WERE NOT DISCUSSED IN ANY DEPTH
DURING THE VISIT.

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5. A SIGNIFICANT ASPECT OF THE VISIT WAS SOMAES'

SUCCESSFUL HANDLING OF CHARGES OF EC PROTECTIONISM. ACCORDING TO BRITISH EMBASSY, IN RESPONSE TO GOB'S COMPLAINT THAT BRAZIL CONFRONTED GREAT DIFFICULTIES IN SEEKING TO PENETRATE EUROPEAN MARKET, SOAMES PUT HEAVY STRESS ON BRAZIL'S POOR PERFORMANCE TO DATE IN FILLING EVEN ITS GSP QUOTAS. SOAMES ALSO NOTED THAT ONE OF THE BENEFICIARIES UNDER THE LOME CONVENTION WERE EXPORTERS OF MANUFACTURED GOODS, HENCE THE CONVENTION COULD NOT IMPAIR BRAZILIAN EXPORTS IN THESE CATEGORIES..

6. CONVERGENCE OF SOAMES VISIT IN BRAZILIAN PRESS WAS LIGHT TO MODERATE. MOST INTERESTING WAS JOURNAL DO BRASIL'S ARTICLE OF OCTOBER 3, REPORTING SOAMES INTERVIEW, WHICH CARRIED CAPTION "SOAMES SAYS THAT BRAZIL DOES NOT KNOW HOW TO SELL TO THE EC." ACCORDING TO ARTICLE, SOAMES SAID HE WAS WORRIED HEARING FROM OFFICIALS IN HIGH POSITION IN BRAZILIAN GOVERNMENT THAT TRADE BETWEEN EC AND BRAZIL DID NOT PROGRESS BECAUSE OF EC DISCRIMINATION AGAINST BRAZIL. HE HAD CHALLENGED HIS BRAZILIAN INTERLOCUTORS TO GIVE EXAMPLES BUT THEY HAD BEEN UNABLE TO GIVE HIM EVEN ONE. (ACCORDING TO BRITISH EMBASSY, EPISODE OCCURRED IN MEETING WITH MINISTER OF COORDINATION AND PLANNING, REIS VELLOSO.)

7. SOAMES, ACCORDING TO THE ARTICLE, EMPHASIZED THAT EUROPE WAS FOR BRAZILIAN MANUFACTURERS A VIRTUALLY UNEXPLORED MARKET. WHILE EXPORTS OF BRAZIL TO EC SHOWED AN INCREASE FROM \$425 MILLION IN 1965, TO \$2,434 MILLION IN 1974, THIS REPRESENTED LITTLE QUALITATIVE CHANGE AND NO MANUFACTURED ITEM WAS AMONG THE PRINCIPAL EXPORTS PRODUCTS. IN COMPARISON, BRAZILIAN EXPORTS TO THE US WHICH GREW FROM \$520 MILLION IN 1965, TO \$1,737 MILLION IN 1974, INCLUDED A GROWING NUMBER OF MANUFACTURED ITEMS, WITH FOUR OF THE TEN PRINCIPAL EXPORT PRODUCTS TO THE US LIMITED OFFICIAL USE

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IN THE MANUFACTURED GOODS CATEGORY, INCLUDING LEATHER SHOES, SOLUBLE COFFEE, AUTOMOBILE RADIOS, AND PARTS FOR RADIO TELEPHONE EQUIPMENT. HE ATTRIBUTED THE LACK OF DIVERSIFICATION OF BRAZILIAN EXPORTS TO THE EC TO "POOR UNDERSTANDING" AND LACK OF INFORMATION IN BRAZIL ABOUT MEANS OF TRADING WITH THE COMMUNITY. HE SAID THE HIGHEST BRAZILIAN OFFICIALS HAD FOCUSED ON TWO PRODUCTS, BEEF AND TEXTILES, WHICH HE SAID WERE DEPRESSED INDUSTRIES AND FOR WHICH HE ADMITTED THE EC HAD ADOPTED PRO-

TECTIONIST MEASURES.
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